

NextWave Telecom Inc.
(a development stage enterprise)

Consolidated Statement of Operations

	May 16, 1995 (inception) to September 30, 1995 (Unaudited)	May 16, 1995 (inception) to December 31, 1995	Nine months ended September 30, 1996	May 16, 1995 (inception) to September 30, 1996
<u>Revenues:</u>				
Consulting revenues from related party	\$ —	\$ —	\$ 1,914,000	\$ 1,914,000
Consulting revenues	—	173,000	44,000	217,000
Total revenues	—	173,000	1,958,000	2,131,000
<u>Operating expenses:</u>				
<u>Costs of related party consulting revenues</u>	—	—	1,832,000	1,832,000
Consulting costs	—	114,000	26,000	140,000
General and administrative	497,000	1,631,000	11,844,000	13,475,000
Selling and marketing	4,000	8,000	370,000	378,000
Research and development	—	—	754,000	754,000
Total operating expenses	501,000	1,753,000	14,826,000	16,579,000
Operating loss	(501,000)	(1,580,000)	(12,868,000)	(14,448,000)
Debt conversion expense	—	—	(738,000)	(738,000)
Interest expense	—	(332,000)	(2,227,000)	(2,559,000)
Interest income	1,000	18,000	1,232,000	1,250,000
<u>Net loss</u>	<u>\$ (500,000)</u>	<u>\$ (1,894,000)</u>	<u>\$ (14,601,000)</u>	<u>\$ (16,495,000)</u>
Pro forma net loss per share (unaudited) (Note 2)		\$	\$	
Shares used in computing pro forma net loss per share (unaudited) (Note 2)				

See accompanying notes to consolidated financial statements.

NextWave Telecom Inc.
(a development stage enterprise)
Consolidated Statement of Cash Flows

	May 16, 1995 (inception) to September 30, 1995 (Unaudited)	May 16, 1995 (inception) to December 31, 1995	Nine months ended September 30, 1995	May 16, 1995 (inception) to September 30, 1995
Cash flows from operating activities:				
Net loss	\$ (500,000)	\$ (1,894,000)	\$ (14,601,000)	\$ (16,495,000)
Adjustments to reconcile net loss to net cash used in operating activities:				
Debt conversion expense	—	—	738,000	738,000
Non-cash interest charges	—	176,000	555,000	761,000
Non-cash compensation	—	—	400,000	400,000
Depreciation expense	7,000	14,000	240,000	304,000
Amortization of debt issuance costs	—	—	1,000	171,000
Charges in:				
Other assets	(7,000)	(106,000)	(7,475,000)	(7,581,000)
Accounts payable	4,000	156,000	845,000	864,000
Accrued liabilities	24,000	348,000	3,743,000	4,142,000
Net cash used in operating activities	(427,000)	(1,306,000)	(7,611,000)	(8,917,000)
Cash flows from investing activities:				
Restricted cash for long-term FCC licenses	—	(875,000)	(129,473,000)	(130,348,000)
Deposits for long-term FCC licenses	—	(79,225,000)	(187,955,000)	(267,182,000)
Purchases of property and equipment	(89,000)	(105,000)	(15,252,000)	(15,387,000)
Net cash used in investing activities	(89,000)	(80,205,000)	(332,712,000)	(412,917,000)
Cash flows from financing activities:				
Proceeds from issuances of Common Stock	665,000	5,000,000	29,531,000	34,531,000
Proceeds from issuances of notes payable and warrants	—	40,000,000	10,000,000	50,000,000
Proceeds from issuances of notes payable to related party	—	25,000,000	—	25,000,000
Proceeds from issuances of convertible senior subordinated notes payable	—	—	130,348,000	130,348,000
Repayment of notes payable to related party	—	—	(9,602,000)	(9,602,000)
Debt issuance costs	—	—	(2,053,000)	(2,053,000)
Advances from contingent stock purchase subscribers	—	11,000,000	212,356,000	223,366,000
Advance from related party contingent stock purchase subscriber	—	5,000,000	—	5,000,000
Private placement issuance costs	—	—	(9,680,000)	(9,680,000)
Capital contributions	—	—	1,078,000	1,078,000
Payments on capital leases	—	(3,000)	(49,000)	(52,000)
Net cash provided by financing activities	665,000	85,997,000	361,939,000	447,936,000
Net increase in cash and cash equivalents	149,000	4,486,000	21,616,000	26,102,000
Cash and cash equivalents at beginning of period	—	—	4,486,000	—
Cash and cash equivalents at end of period	\$ 149,000	\$ 4,486,000	\$ 26,102,000	\$ 26,102,000
Supplemental cash flow disclosures:				
Conversion of notes payable to advances from contingent stock purchase subscribers	\$ —	\$ 20,000,000	\$ 20,000,000	\$ 40,000,000
Conversion of notes payable to related party to advances from related party contingent stock purchase subscriber	\$ —	\$ —	\$ 15,000,000	\$ 15,000,000
Conversion of advances from contingent stock purchase subscribers to Series B Common Stock and capital contributions	\$ —	\$ 775,000	\$ 213,679,000	\$ 214,454,000
Conversion of advances from related party contingent stock purchase subscribers to Series B Common Stock and capital contributions	\$ —	\$ 125,000	\$ 19,875,000	\$ 20,000,000
Conversion of advances from contingent stock purchase subscriber to convertible notes payable	\$ —	\$ —	\$ 38,912,000	\$ 38,912,000
Conversion of notes payable to related party to long-term convertible notes payable to related party	\$ —	\$ —	\$ 398,000	\$ 398,000
Issuance of warrants for purchase of property and equipment	\$ —	\$ —	\$ 437,000	\$ 437,000
Issuance of Common Stock notes receivable in connection with issuances of Series A and Series B Common Stock	\$ —	\$ —	\$ 2,810,000	\$ 2,810,000
Issuance of warrants to purchase Series B Common Stock in connection with issuance of notes payable	\$ —	\$ 1,000,000	\$ 600,000	\$ 1,600,000
Issuance of warrants to purchase Series B Common Stock in connection with issuance of Series B Common Stock	\$ —	\$ —	\$ 1,138,000	\$ 1,138,000
Issuances of stock options and warrants to purchase Series B Common Stock in connection with non-employee agreements	\$ —	\$ —	\$ 26,342,000	\$ 26,342,000
Unpaid debt issuance costs	\$ —	\$ —	\$ 2,165,000	\$ 2,165,000
Unpaid private placement costs	\$ —	\$ —	\$ 549,000	\$ 549,000
Non-cash debt issuance costs	\$ —	\$ —	\$ 48,000	\$ 48,000
Non-cash private placement stock option costs	\$ —	\$ —	\$ 65,000	\$ 65,000
Non-cash private placement Series B Common Stock costs	\$ —	\$ —	\$ 848,000	\$ 848,000
Issuances of stock options to purchase Series B Common Stock in connection with non-employee agreements	\$ —	\$ —	\$ 117,000	\$ 117,000
Acquisition of equipment under capital lease obligations	\$ —	\$ 51,000	\$ 231,000	\$ 292,000
Unamortized debt discount related to debt converted to equity	\$ —	\$ —	\$ 439,000	\$ 439,000
Interest paid	\$ —	\$ 32,000	\$ 312,000	\$ 344,000

See accompanying notes to consolidated financial statements.

NextWave Telecom Inc.
(a development stage enterprise)

Consolidated Statement of Changes in Stockholders' Equity

	Series A Common Stock		Series B Common Stock		Paid-in capital	Common Stock notes receivable	Deferred charges and unearned compensation	Deficit accumulated during development stage	Total stockholders' equity
	Number of shares	Amount	Number of shares	Amount					
Issuances of Series A Common Stock to founding stockholders during May through November 1995 at \$0.25 per share	20,000,000	\$2,000	—	\$ —	\$ 4,998,000	\$ —	\$ —	\$ —	\$ 5,000,000
Issuance during November 1995 of warrants to purchase 500,000 shares of Series B Common Stock exercisable at \$3.00 per share	—	—	—	—	1,000,000	—	—	—	1,000,000
Capital contributions during December 1995 (Note 7)	—	—	—	—	900,000	—	—	—	900,000
Net loss	—	—	—	—	—	—	—	(1,894,000)	(1,894,000)
Balance at December 31, 1995	20,000,000	2,000	—	—	6,898,000	—	—	(1,894,000)	5,006,000
Issuances during February 1996 of options to purchase 466,667 shares of Series B Common Stock exercisable at \$0.25 per share (valued by an independent appraiser)	—	—	—	—	117,000	—	—	—	117,000
Issuances of Series A Common Stock to founding stockholders during March 1996 through May 1996 at \$0.25 per share	35,760,000	4,000	—	—	8,936,000	(2,510,000)	—	—	6,430,000
Capital contributions during March 1996 and June 1996 (Note 7)	—	—	—	—	2,178,000	—	—	—	2,178,000
Issuances of Series B Common Stock during May 1996 at \$3.00 per share, net of issuance costs of \$12,332,000	—	—	78,533,836	8,000	220,822,000	(300,000)	—	—	220,530,000
Issuances of Series B Common Stock during May 1996 at \$3.00 per share, net of issuance costs of \$65,000	—	—	4,620,300	—	23,037,000	—	—	—	23,037,000
Issuances during March 1996 through June 1996 of warrants to purchase 13,705,691 shares of Series B Common Stock exercisable at \$3.00 per share (valued by an independent appraiser)	—	—	—	—	2,476,000	—	—	—	2,476,000
Issuance during May 1996 of options to purchase 200,000 shares of Series B Common Stock exercisable at \$3.00 per share (valued by an independent appraiser)	—	—	—	—	437,000	—	—	—	437,000
Issuance during May 1996 of warrants to purchase 64,113 shares of Series B Common Stock exercisable at \$4.00 per share (valued by an independent appraiser)	—	—	—	—	113,000	—	—	—	113,000
Issuances during August 1996 of warrants to purchase 23,773,284 shares of Series B Common Stock exercisable at \$4.00 per share (valued by an independent appraiser)	—	—	—	—	25,211,000	—	(25,211,000)	—	—
Conversion during August 1996 of 13% of Series A Common Stock into Series B Common Stock at a ratio of one share of Series A Common Stock into two shares of Series B Common Stock	(8,363,563)	(1,000)	16,727,126	2,000	(1,000)	—	—	—	—
Exercise of common stock options	—	—	17,000	—	51,000	—	—	—	51,000
Compensatory stock options issued	—	—	—	—	1,131,000	—	(782,000)	—	349,000
Net loss	—	—	—	—	—	—	—	(14,601,000)	(14,601,000)
Balance at September 30, 1996	47,396,437	\$5,000	99,898,262	\$10,000	\$291,406,000	\$ (2,810,000)	\$ (25,993,000)	\$ (16,495,000)	\$246,123,000

See accompanying notes to consolidated financial statements.

CHASE TELECOMMUNICATIONS HOLDINGS, INC.
(A Development Stage Enterprise)

BALANCE SHEETS

	Partnership December 31, 1995	December 31, 1996	March 31, 1997 (unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 202,318	\$ 3,475,830	\$ 2,681,633
Receivable	175,000	—	—
Prepays	—	54,363	65,506
Total current assets	377,318	3,530,193	2,747,139
Fixed assets and PCS Licenses:			
Property and equipment, net of accumulated depreciation of \$0, \$6,214 and \$10,027, respectively	—	167,245	8,943,493
Investment in PCS Licenses	5,400,000	116,471,403	116,471,403
Total fixed assets and PCS Licenses	5,400,000	116,638,648	125,414,896
Intangibles and deferred charges, net of accumulated amortization of \$2,788, \$55,066 and \$203,606, respectively	139,997	880,009	3,038,031
Total assets	<u>\$5,917,315</u>	<u>\$121,048,850</u>	<u>\$131,200,066</u>
LIABILITIES, REDEEMABLE STOCK, PARTNERS' CAPITAL AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	\$ —	\$ 696,859	\$ 636,580
Accrued liabilities	197,005	351,544	406,236
Interest payable	34,098	2,988,653	6,684,216
Commitment fees payable	—	448,500	448,500
Total current liabilities	231,103	4,485,556	8,175,532
Long-term liabilities:			
Government Financing	—	99,915,759	100,904,924
12% Senior Subordinated Notes Due 2003	—	13,273,116	13,341,192
Vendor Financing	—	—	10,753,178
Notes payable to related parties	1,960,000	1,960,000	1,960,000
Note payable to PrimeCo	2,000,000	2,000,000	2,000,000
Total long-term liabilities	3,960,000	117,148,875	128,959,294
Commitments and contingencies			
Redeemable stock:			
Class B Common Stock (with put feature), \$0.01 par value; zero, 804,170 and 804,170 shares issued and outstanding, respectively	—	6,018,212	6,168,212
Class C Common Stock, \$0.01 par value; 2,000,000 shares authorized; zero, 550,000 and 550,000 shares issued and outstanding, respectively	—	2,491,667	2,491,667
Total redeemable stock	—	8,509,879	8,659,879
Partners' capital and stockholders' equity (deficit):			
Partners' contributions (\$1,932,472, limited partners; \$0, general partner)	1,932,472	—	—
Class A Common Stock, \$0.01 par value; 3,000,000 shares authorized; zero, 825,000 and 825,000 shares issued and outstanding, respectively	—	8,250	8,250
Class B Common Stock, \$0.01 par value; 20,000,000 shares authorized; zero, 3,222,856 and 3,222,856 shares issued and outstanding, respectively	—	32,229	32,229
Additional paid-in capital	—	—	—
Deficit accumulated during the development stage	(206,260)	(9,135,939)	(14,635,118)
Total partners' capital and stockholders' equity (deficit)	1,726,212	(9,095,460)	(14,594,639)
Total liabilities, redeemable stock, partners' capital and stockholders' equity (deficit)	<u>\$5,917,315</u>	<u>\$121,048,850</u>	<u>\$131,200,066</u>

The accompanying notes to financial statements are an integral part of these statements.

CHASE TELECOMMUNICATIONS HOLDINGS, INC.
(A Development Stage Enterprise)
STATEMENTS OF OPERATIONS

	Period From Inception (June 12, 1995) Through December 31, 1995	Year Ended December 31, 1996	Three-Month Period Ended March 31, 1996 (unaudited)	Three-Month Period Ended March 31, 1997 (unaudited)	Period From Inception (June 12, 1995) Through March 31, 1997 (unaudited)
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —
Operating expenses:					
Development costs	291,869	1,637,872	34,008	—	1,929,741
General and administrative .	52,505	1,516,137	133,788	526,323	2,094,965
Depreciation and amortization	2,788	88,492	5,747	33,853	125,133
Expense reimbursement ...	(175,000)	—	—	—	(175,000)
Operating loss	(172,162)	(3,242,501)	(173,543)	(560,176)	(3,974,839)
Interest expense	34,098	4,987,421	98,727	4,821,450	9,842,969
Interest income	—	(12,004)	—	(32,447)	(44,451)
Loss before income taxes	(206,260)	(8,217,918)	(272,270)	(5,349,179)	(13,773,357)
Income tax benefit	—	—	—	—	—
Net loss	<u>\$(206,260)</u>	<u>\$(8,217,918)</u>	<u>\$ (272,270)</u>	<u>\$(5,349,179)</u>	<u>\$(13,773,357)</u>

The accompanying notes to financial statements are an integral part of these statements.

CHASE TELECOMMUNICATIONS HOLDINGS, INC.

(A Development Stage Enterprise)

STATEMENTS OF REDEEMABLE STOCK, PARTNERS' CAPITAL AND STOCKHOLDERS' EQUITY (DEFICIT)

Redeemable Stock

	Class B Common Stock (with put feature)		Class C Common Stock		Partners' Contributions		Common Stock				Additional Paid-In Capital	Deficit Accumulated During the Development Stage
	Shares	Value	Shares	Value	Limited	General	Class A Shares	Class A Par Value	Class B Shares	Class B Par Value		
As of December 31, 1995:	—	\$ —	—	\$ —	\$ —	\$ —	—	\$ —	—	\$ —	\$ —	\$ —
Issued on December 30, 1995, at costs	—	—	—	—	1,917,472	—	—	—	—	—	—	—
Issued on November 1, 1995, for services at fair market value	—	—	—	—	15,000	—	—	—	—	—	—	—
Issued on December 29, 1995, for Class B Stock for \$135,698	—	—	—	—	—	—	—	—	—	—	—	—
Allocated to the partners and allocated	—	—	—	—	—	—	—	—	—	—	—	(206,266)
As of December 31, 1995:	—	—	—	—	1,932,472	—	—	—	—	—	—	(206,266)
Issued on January 1, 1996, for Class B Stock (with put feature) and common cash, 3 and 23, 1996	—	—	—	—	(1,932,472)	—	825,000	8,250	3,222,856	32,229	1,891,993	—
Interest, 1996	429,796	847,167	550,000	1,058,958	—	—	—	—	—	—	—	—
Issued on January 17, 1996, for Class B Stock (with put feature) and common cash values	374,374	4,000,000	—	—	—	—	—	—	—	—	—	—
As of December 31, 1996:	—	1,171,045	—	1,432,709	—	—	—	—	—	—	(1,891,993)	(711,761)
As of December 31, 1996:	804,170	6,018,212	550,000	2,491,667	—	—	825,000	8,250	3,222,856	32,229	—	(9,135,939)
Issued on December 31, 1996, for Class B Stock (with put feature) to put audited)	—	150,000	—	—	—	—	—	—	—	—	—	(150,000)
As of December 31, 1997:	804,170	\$6,168,212	550,000	\$2,491,667	\$ —	\$ —	825,000	\$ 8,250	3,222,856	\$32,229	\$ —	\$ (14,635,118)

The accompanying notes to financial statements are an integral part of these statements.

CHASE TELECOMMUNICATIONS HOLDINGS, INC.
(A Development Stage Enterprise)

STATEMENTS OF CASH FLOWS

	Period From Inception (June 12, 1995) Through December 31, 1995	Year Ended December 31, 1996	Three-Month Period Ended March 31, 1996 (unaudited)	Three-Month Period Ended March 31, 1997 (unaudited)	Period From Inception (June 12, 1995) Through March 31, 1997 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net loss	\$ (206,260)	\$ (8,217,918)	\$ (272,270)	\$ (5,349,179)	\$ (13,773,357)
Adjustments to reconcile net loss to net cash used in operating activities—					
Depreciation and amortization	2,788	83,492	5,747	33,853	125,133
Noncash interest charges and amortization of debt discount	—	1,182,654	—	1,145,740	2,328,394
Noncash development costs	15,000	—	—	—	15,000
Changes in assets and liabilities—					
Receivable	(175,000)	175,000	175,000	—	—
Prepays	—	(54,363)	—	(11,143)	(65,506)
Intangibles and deferred charges	—	(116,126)	—	(296,562)	(412,638)
Accounts payable	—	696,859	48,059	(60,279)	636,580
Accrued liabilities	197,005	154,539	(144,152)	54,692	406,236
Interest payable	34,093	2,954,554	98,727	3,695,564	6,684,216
Commitment fees payable	—	448,500	—	—	448,500
Net cash used in operating activities	(132,369)	(2,687,809)	(88,889)	(787,314)	(3,607,492)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	—	(173,459)	(9,926)	(8,780,061)	(8,953,520)
Investment in PCS Licenses	(5,400,000)	(12,109,056)	—	—	(17,509,056)
Net cash used in investing activities	(5,400,000)	(12,282,515)	(9,926)	(8,780,061)	(26,462,576)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Issuance of partnership interest, net of related costs	1,917,472	—	—	—	1,917,472
Issuance of Common Stock	—	5,906,125	—	—	5,906,125
Borrowings under 12% Senior Subordinated Notes Due 2003	—	13,043,875	—	—	13,043,875
Borrowings under Vendor Financing	—	—	—	10,753,178	10,753,178
Borrowings from related parties	1,960,000	—	—	—	1,960,000
Borrowings under note payable to PrimeCo	2,000,000	—	—	—	2,000,000
Organizational costs	(100,257)	(137,664)	—	—	(237,921)
Debt issuance costs	(42,528)	(568,500)	—	(1,980,000)	(2,591,028)
Net cash provided by financing activities	5,734,637	18,243,836	—	8,773,178	32,751,701
NET INCREASE IN CASH AND CASH EQUIVALENTS	202,318	3,273,512	(98,815)	(794,197)	2,681,633
CASH AND CASH EQUIVALENTS:					
Beginning of period	—	202,318	202,318	3,475,830	—
End of period	\$ 202,318	\$ 3,475,830	\$ 103,503	\$ 2,681,633	\$ 2,681,633
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
Cash paid during the period for—					
Interest	\$ —	\$ 829,059	\$ —	\$ 1,197	\$ 830,256
Government financing of PCS Licenses, net of discount	\$ —	\$ 98,962,347	\$ —	\$ —	\$ 98,962,347

The accompanying notes to financial statements are an integral part of these statements.

Pocket Communications, Inc.
Summary of Schedules Filed in Bankruptcy

	Pocket Communications Inc.	DCR PCS, Inc.	Eliminations	Consolidated
Cash on Hand	1,235.40			1,235.40
Investment in LAMP(money market)	1,132,433.99			1,132,433.99
Security Deposits	429,639.00			429,639.00
Miscellaneous Art Objects	1,000.00			1,000.00
Accounts Receivable	64,393.00			64,393.00
Intercompany Loans	155,084,616.00		(136,965,245.00)	18,119,371.00
Prepayments & Leasehold Impvt	119,090.00			119,090.00
Misc. Office Equipment	497,691.00			497,691.00
WIP Network Development	5,323,339.00			5,323,339.00
TOTAL ASSETS	162,653,437.39			162,653,437.39
Creditors Holding Secured Claims	81,515,507.00	1,317,936,551.00		1,399,452,058.00
Creditors Holding Unsecured Priority Claims	21,800.37			21,800.37
Creditors Holding Unsecured Non-priority Claims	138,626,632.50	157,092,096.86	(136,965,245.00)	158,753,484.36
TOTAL LIABILITIES	220,163,939.87	1,475,028,647.86		1,695,192,587.73

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POCKET COMMUNICATIONS, INC. AND SUBSIDIARIES
(FORMERLY DCR COMMUNICATIONS, INC.)
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	AS OF DECEMBER 31,		AS OF SEPTEMBER 30, 1	
	1994	1995	ACTUAL	PRO FO
			(UNAUDITED)	
<S>	<C>	<C>	<C>	(NOTE <C>
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 7,755	\$ 1,079,235	\$ 288,152	\$ 47
Prepaid insurance.....	--	--	339,089	33
Other current assets.....	2,588	174,084	117,329	11
	-----	-----	-----	-----
Total currents assets.....	10,343	1,253,319	744,570	93
Funds held in escrow.....	--	--	15,000,000	
Property and equipment, net.....	13,090	1,749,165	13,695,875	13,69
License costs.....	--	40,050,000	71,338,145	966,59
Deferred financing costs, net.....	--	1,122,400	9,779,461	12,49
Other assets.....	--	158,076	226,625	22
	-----	-----	-----	-----
Total assets.....	\$ 23,433	\$44,332,960	\$110,784,676	\$993,94
	=====	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable and accrued expenses.....	\$ 123,026	\$ 1,006,165	\$ 3,127,595	\$ 3,12
Accrued interest payable.....	--	20,688	671,709	67
Accrued network development costs.....	--	509,549	2,476,982	2,47
Accrued financing costs.....	--	1,122,400	9,408,549	9,40
Short-term borrowings.....	--	1,500,000	1,030,927	42,90
Funds held in escrow.....	--	--	5,000,000	
	-----	-----	-----	-----
Total current liabilities.....	123,026	4,158,802	21,715,762	58,59
Long-term liabilities				
Government Financing, net of \$460,177,167 discount....	--	--	--	823,91
Long term debt.....	--	40,133,000	96,174,402	47,54
Deferred interest.....	--	267,240	2,672,278	2,67
Other liabilities.....	--	700,001	828,092	82
	-----	-----	-----	-----
Total long-term liabilities.....	--	41,100,241	99,674,772	874,95
Total liabilities.....	123,026	45,259,043	121,390,534	933,55

Total liabilities.....	123,026	45,259,043	121,390,534	933,55
Commitments and contingencies (Notes 10 and 14)				
Minority interest.....	--	76,037	1,420,326	1,42
Class B Common stock subject to redemption, net of subscription receivable of \$386,057 as of December 31, 1995.....	--	1,113,943	1,500,000	1,50
Stockholders' deficit:				
Preferred stock, non-voting, \$0.01 par value, 100,000,000 shares authorized; no shares issued or outstanding.....	--	--	--	
Class A Common stock, voting \$0.01 par value, 100,000,000 shares authorized; 19,700,000 shares issued and outstanding as of December 31, 1994, December 31, 1995 and September 30, 1996, Actual and Pro Forma, respectively.....	197,000	197,000	197,000	19
Class B Common stock, voting \$0.01 par value, 500,000,000 shares authorized; 1,200,000, 7,380,000, 7,623,340 and 18,185,840 shares issued and outstanding as of December 31, 1994, December 31, 1995, and September 30, 1996, Actual and Pro Forma, respectively (excludes 843,750 shares and 218,750 shares subscribed and not issued and outstanding at September 30, 1996 Actual and Pro Forma, respectively).....	12,000	73,800	76,233	18
Additional paid-in capital.....	1,598,273	6,346,172	15,572,502	81,37
Deferred compensation.....	--	--	(1,516,679)	(1,51
Subscriptions receivable.....	(868,297)	(301,175)	(6,750,000)	(1,75
Deficit accumulated during the development stage.....	(1,038,569)	(8,431,860)	(21,105,240)	(21,01
	-----	-----	-----	-----
Total stockholders' deficit.....	(99,593)	(2,116,063)	(13,526,184)	57,47
	-----	-----	-----	-----
Total liabilities and stockholders' deficit.....	\$ 23,433	\$44,332,960	\$110,784,676	\$993,94
	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

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POCKET COMMUNICATIONS, INC. AND SUBSIDIARIES
(FORMERLY DCR COMMUNICATIONS, INC.)
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED STATEMENTS OF LOSS

<TABLE>
<CAPTION>

	FOR THE PERIOD APRIL 20, 1994 (DATE OF INCEPTION) TO DECEMBER 31, 1994		YEAR ENDED DECEMBER 31, 1995	FOR THE PERIOD APRIL 20, 1994 (DATE OF INCEPTION) TO DECEMBER 31, 1995		NINE MONTHS ENDED SEPTEMBER ----- 1995 (UNAUDITED) 1995	
	<C>		<C>	<C>		<C>	<C>
Revenues.....	\$	--	\$	\$	--	\$	\$
Operating Expenses:							
General and							
Administrative.....		197,619	4,347,814		4,545,433	2,468,798	6,9
Business development.....		840,950	2,257,321		3,098,271	1,538,617	1,2
Sales and marketing.....		--	566,971		566,971	462,269	5
		-----	-----		-----	-----	-----
		1,038,569	7,172,106		8,210,675	4,469,684	8,7
Interest income.....		--	66,743		66,743	50,352	
Interest expense.....		--	(287,928)		(287,928)	--	(3,9
		-----	-----		-----	-----	-----
Net loss.....	\$	(1,038,569)	\$ (7,393,291)	\$	(8,431,860)	\$ (4,419,332)	\$ (12,6
		=====	=====		=====	=====	=====
Pro forma net loss per common share (Note 3).....			\$				\$
Pro forma weighted-average number of shares outstanding (Note 3).....							

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

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POCKET COMMUNICATIONS, INC. AND SUBSIDIARIES
(FORMERLY DCR COMMUNICATIONS, INC.)
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

FOR THE PERIOD

FOR THE PERIOD

	APRIL 20, 1994 (DATE OF INCEPTION) TO DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1995	APRIL 20, 1994 (DATE OF INCEPTION) TO DECEMBER 31, 1995	NINE MONTHS E 3 ----- 1995 (UNAU
<S>	<C>	<C>	<C>	<C>
Cash flows from operating activities:				
Net loss.....	\$ (1,038,569)	\$ (7,393,291)	\$ (8,431,860)	\$ (4,419,332)
Adjustment to reconcile net loss to net cash used in operating activities				
Depreciation and amortization.....	302	44,233	44,535	28,663
Common stock and partnership interests issued in exchange for property and services.....	608,976	233,522	842,498	135,116
Accrued and deferred interest.....	--	287,928	287,928	--
Compensation expense for stock options.....	--	--	--	--
Minority interest.....	--	--	--	--
Interest expense in connection with amortization of debt issuance costs.....	--	--	--	--
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and operating liabilities:				
Other assets and prepaid insurance.....	(2,588)	(246,272)	(248,860)	(85,821)
Accounts payable, accrued expenses and other liabilities.....	123,026	1,501,502	1,624,528	318,042
Net cash used in operating activities.....	(308,853)	(5,572,378)	(5,881,231)	(4,023,332)
Cash flows from investing activities:				
Expenditures for network development in process.....	--	(725,774)	(725,774)	(115,109)
Expenditures for property and equipment.....	(13,392)	(343,368)	(356,760)	(231,222)
FCC License deposit.....	--	(40,050,000)	(40,050,000)	--
Net cash used in investing activities.....	(13,392)	(41,119,142)	(41,132,534)	(346,331)
Cash flows from financing activities:				
Net proceeds from issuance of Common stock.....	330,000	6,060,000	6,390,000	5,150,000

is from issuance of debt and					
owings.....	--	41,633,000	41,633,000	400,000	
t of financing costs.....	--	--	--	(250,000)	
utions from minority					
rests.....	--	70,000	70,000	--	
t cash provided by financing					
activities.....	330,000	47,763,000	48,093,000	5,300,000	
ase (decrease) in cash and cash					K
nts.....	7,755	1,071,480	1,079,235	930,337	--
cash equivalents at the beginning					
d.....	--	7,755	--	7,755	E
cash equivalents at the end of					
.....	\$ 7,755	\$ 1,079,235	\$ 1,079,235	\$ 938,092	--
	=====	=====	=====	=====	
TAL INFORMATION:					
NVESTING AND FINANCING					
ES:					
ce of common stock to purchase					
on stock in unrelated entity.....	\$ --	\$ 83,300	\$ 83,300	\$ --	00
ce of common stock and					
nership interests in exchange for					--
erty and services.....	608,976	233,522	842,498	135,116	--
ce of common stock for network					--
lopment, in process.....	--	113,942	113,942	--	--
ce of common stock for deferred					--
ncing costs.....	--	--	--	--	--
ing fee obligations incurred.....	--	1,122,400	1,122,400	--	--
d network development costs in					00
ess and equipment in service.....	--	597,224	597,224	382,792	--
transferred to escrow for FCC					
nse deposit.....	--	--	--	--	
FROM (PAYMENT TO) RELATED PARTIES					00
ts for services rendered.....	--	(899,010)	(899,010)	(627,165)	
ds from debt issuance.....	--	40,133,000	40,133,000	--	00
o officer.....	--	--	--	--	
aid for interest.....	--	--	--	--	00
aid for income taxes.....	\$ --	\$ --	\$ --	\$ --	--

ompanying notes are an integral part of these consolidated financial
statements.

costs.....	--	--	--	4,659,999
Common stock issued in October 1995 in consideration of services performed.....	--	--	--	66,400
Common stock issued in exchange for common stock in unrelated entity in November 1995.....	--	--	--	83,300
Cash collection of subscription receivable.....	--	400,000	--	400,000
Collection of subscription receivable in consideration of services performed.....	--	167,122	--	167,122
Net loss.....	--	--	(7,393,291)	(7,393,291)
Balance, December 31, 1995.....	--	(301,175)	(8,431,860)	(2,116,063)
Collection of subscription receivable in consideration of services performed.....	--	32,475	--	32,475
Cash collection of subscription receivable.....	--	268,700	--	268,700
Exercise of stock options in March 1996...	--	--	--	25,000
Common stock issued for cash in April 1996.....	--	--	--	1,500
Common stock and warrants issued for services in April, 1996.....	--	--	--	123,450
Committed stock options as a form of compensation in May 1996.....	(2,168,790)	--	--	--
Exercise of stock options in September 1996.....	--	--	--	40,023
Common stock issued for cash in September 1996.....	--	--	--	120,000
Common Stock subscribed.....	--	(6,750,000)	--	--
Amortization of deferred compensation.....	652,111	--	--	652,111
Net loss.....	--	--	(12,673,380)	(12,673,380)
Balance, September 30, 1996.....	\$(1,516,679)	\$(6,750,000)	\$(21,105,240)	\$(13,526,184)

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

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POCKET COMMUNICATIONS, INC. AND SUBSIDIARIES
(FORMERLY DCR COMMUNICATIONS, INC.)
(A DEVELOPMENT STAGE ENTERPRISE)